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TO RUEHC/SECSTATE WASHDC PRIORITY 8286
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INFO RUEHFK/AMCONSUL FUKUOKA 0612
RUEHNH/AMCONSUL NAHA 2970
RUEHNAG/AMCONSUL NAGOYA 8681
RUEHKSO/AMCONSUL SAPPORO 1185
RUEHOK/AMCONSUL OSAKA KOBE 4395
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SUBJECT: TOKYO MEDIA REACTION - FINANCIAL CRISIS

¶1. LEAD STORIES: Top stories on Monday morning included a plan by the Japanese government to inject up to 10 trillion yen in public funds into domestic financial institutions as part of its emergency market-support measures.

¶2. "Establish Economic System That Can Control Market"
An editorial writer for the liberal Mainichi insisted (10/27): "...Only a year and half ago, G7 financial ministers and central bank governors hailed the world economy as being in its best shape in decades. Economic theory based on neoliberalism supported such optimism.... The idea of 'small government,' which advocates deregulation and privatization, was pioneered by the Thatcher administration in the UK and the Reagan administration in the U.S. and became widespread in the 1990s. However, as the housing bubble burst in the U.S., the defects of an economic system that took pride in an unregulated market have become clear. We may need to implement ad hoc measures for the time being to prevent the current financial and economic crises from developing into a worldwide panic. An emergency summit is one of those measures. However, those steps are only stopgap measures. What kind of economy we create is important. Specifically, a shift to an economic system that can control reckless moves by the market is important."

SCHIEFFER